

SAFE

CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

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D&FMS 2/12



MEMORANDUM FOR : Comptroller, DIA ILLEGIB
 THROUGH : Assistant Director for Resources and Systems
 FROM : STAT
 SUBJECT : Director, Consolidated SAFE Project Office/ODP
 FY-81 Supplemental Funding Request for
 SAFE Project

Action Requested: It is requested that the DIA provide an additional \$1.1M funding for the SAFE Project in FY-81.

Background : The FY-81 funding shortfall for SAFE has been briefed to the SAFE Steering Committee and is outlined in the attachment. While the fact of a shortfall has been known for some time, the magnitude has been verified only within the past month with the submission of the revised TRW project plan.

The \$3M shortfall has been requested of each Agency in proportion to its share of the total budget -- \$1.9M for CIA and \$1.1M for DIA.

We would appreciate an early response as contractor staffing and integrated development are proceeding based on the revised plan.

Analysis : The requested funding will permit the contractor to staff and execute his revised plan. While it does not guarantee that he will meet his schedules, it provides the resources required as requested. A failure to provide this funding would require replanning and a likely slip, with attendant increased cost, in the program. (Slips will cost about \$1.5M per month of additional cost.)

Summary : The requested funds are required to execute the current project plan. If they are not to be made available then the plan must be changed soon to minimize the impact on the project and the overall system cost. Please advise us what funding we may expect so that we can plan accordingly.

[Redacted] STAT

Attachment as stated

EXPLANATION OF SAFE UNFUNDED ELEMENTS

1. Additional Staffing

Under present Block Development Approach it is estimated that TRW will have an average staffing level of 268 people as opposed to previous estimate of 245. These additional staff required throughout software development components because customer required functions were not allowed to slip to Blocks 2 and 4 and initial staffing levels were inaccurately estimated.

$$23 \text{ workyears} \times \$57K = \$1,300K$$

2. Inflation

In the original contract signed with TRW the assumed inflation rate was 7% but now it is running at least at a 12% rate. This difference must be provided in a cost plus award fee contract.

$$\$13,300K \times 5\% = \$700K ..$$

3. Change Order #8

This Change Order directed the contractor to increase the physical security at the contractor's development facility in California to permit the processing of Top Secret data for system testing and integration. This increase in cost of approximately \$575,000 will result in an increased burden rate that will be applied over the remaining life of the contract. The effect of this change on FY-81 costs will be approximately \$200,000.

4. Change Order #10

This Change Order directed the contractor to remove the terminal procurement from the SAFE contractor's statement of work. This reduces the TRW contract by \$5.5 million since the terminals will be provided by the Government. The savings from this action will be applied in total to procuring the terminals. The Change Order also directs that the cryptographic module (CM) be included in the Bus Interface Unit (BIU), and that the BIU meet TEMPEST standards. This will cause a contract increase of \$2.5 million due to the changes in the BIU. The net FY-81 results an increase in the overall contract cost of \$1.0 million.

5. Change Orders 17/19

These Change Orders include a series of over a hundred Design Problem Reports that originated during the System Requirements Review and are intended to simplify, clarify or increase some SAFE functional requirements. These requirements are at the request of the customers--CIA and DIA--and include performance requirements for interim operational capabilities as well as additional requirements such as the ADSTAR-SAFE

interface capability. The cost impact of these changes is not yet clearly determined but will lower both additional hardware and software. The estimated FY-1981 cost for these changes is highly tentative but is currently scoped at \$1.0 million. In 1981 the activity will be in the design stage, and decisions regarding equipment costs can be delayed until implementation in the out-years. If these costs exceed the original cap, they will be delayed until follow-on Blocks are pursued.